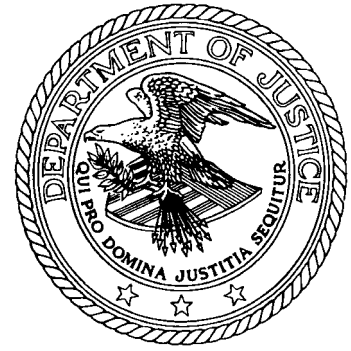


NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

*United States Attorney
Carol C. Lam*

For Further Information, Contact: Assistant United States Attorney Anne Perry (619) 557-5767

For Immediate Release

NEWS RELEASE SUMMARY -October 11, 2005

United States Attorney Carol C. Lam announced that Kathleen Harrison, 67, of Las Vegas, Nevada, pled guilty today to 26 tax and fraud charges stemming from her operation of an investment business in San Diego during 1999-2001. The plea was entered in federal court in San Diego before the Honorable Napoleon A. Jones, United States District Court Judge.

According to court documents, Harrison, a long-time tax preparer, solicited her tax clients to participate in various investment opportunities, ranging from real estate investments to trust partnerships. However, the investments did not pan out, and Harrison resorted to paying established investors with funds received from newer investors, a process typically referred to as a "Ponzi" scheme. Additionally, Harrison admitted that she filed a tax return for calendar year 1998 that substantially understated her own tax-preparer income.

In the plea agreement, Harrison has agreed to the forfeiture of more than \$400,000 and to pay restitution in an amount not less than \$1.5 million. Sentencing is set for January 9, 2006, at 8:15 a.m., before Judge Napoleon A. Jones.

DEFENDANT

KATHLEEN ALTA HARRISON

SUMMARY OF CHARGES

Mail Fraud, in violation of Title 18, United States Code, Section 1341
Penalty: 5 years' incarceration, \$250,000 fine, \$100 penalty assessment

Making and Subscribing False Tax Return
Title 26, United States Code, Section 7206(1)
Penalty: 3 years' incarceration, \$100,000 fine, \$100 penalty assessment

INVESTIGATING AGENCIES

Federal Bureau of Investigation
Internal Revenue Service, Criminal Investigation Division